

**INDIAN RIVER COUNTY  
MEMORANDUM**

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TO: The Honorable Board of County Commissioners

THRU: John A. Titkanich, Jr., County Administrator

FROM: Suzanne M. Boyll, Human Resources Director

DATE: May 9, 2023

SUBJECT: Proposed Amendment to County Code of Ordinances Section 104.03 Retirement System – Permission to Advertise

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**BACKGROUND**

Indian River County provides retirement benefits for full and part time employees under the Florida Retirement System (FRS). The County's participation in the FRS is compulsory and all eligible full and part time employees are required to be enrolled in the FRS. However, certain employees are not eligible to participate in the FRS if they have previously retired from the FRS pension plan and later become re-employed by the County. Because they are not eligible to participate, the reemployed retirees do not earn any retirement benefit during their employment with the County. However, the County is still required to send an employer contribution to the FRS for each employee who is not eligible for renewed membership in the FRS. The 2022/23 FRS contribution rate is lower than the employer contribution made for employees who are eligible to participate in the FRS as noted below:

	<b>Employer FRS Contribution Eligible</b>	<b>Employer FRS Contribution Not Eligible</b>	<b>Difference</b>
FRS Regular Class	11.91%	5.89%	6.02%
FRS Special Risk	27.83%	11.33%	16.5%
FRS Elected Official	57.0%	45.64%	11.36%

The FRS contribution rate is established annually by state statute effective July 1 of each year. The difference noted above may change annually as the rates changes.

Currently, Indian River County BOCC employs 8 individuals who are ineligible for renewed membership in the FRS. As a result, they do not receive any retirement benefits for their employment. The BOCC may elect to establish a separate retirement plan to provide retirement benefits for these individuals who are not eligible for renewed membership in the FRS.

Staff is also recommending a provision that would allow a member of the Senior Management Service Class (SMSC) who has withdrawn from the FRS, to be enrolled in the defined contribution plan. The employer contribution amount would be established by the Board of County Commissioners. This provision would allow for an alternate retirement plan option to the FRS plan for those SMSC eligible members who do not want to participate in the FRS.

In order to provide for a retirement benefit for employees who are not eligible for renewed membership in the FRS, staff is requesting approval to amend the County Code of Ordinances Section 104.03 Retirement System to provide for the addition of a Defined Contribution Plan as reflected in the attached draft ordinance language.

Providing a defined contribution plan will assist us in recruiting and retaining qualified employees by providing a retirement benefit for those employees deemed ineligible by the FRS for renewed membership in the FRS.

The additional option for the SMSC employees who prefer to enroll in the defined contribution plan versus the FRS provides an alternative that does not exist today. This option may not be utilized, but is recommended as an option to be offered.

The defined contribution plan would be administered by Lincoln Financial and the recordkeeping fee would be borne by the participants in the defined contribution plan. There would be no administrative cost paid by the County. Lincoln Financial is the recordkeeper for our 457 deferred compensation plan and the recordkeeping fee for the new defined contribution plan would be the same recordkeeping fee as the 457 deferred compensation plan, which is 0.13% consistent with the terms of our agreement.

Staff is requesting permission to advertise the proposed change to the Indian River County Code of Ordinances.

#### **FINANCIAL IMPACT**

The County is currently contributing to the FRS a lower monthly contribution amount as noted in the table above in the column titled "Not Eligible" for employees who are not eligible for renewed membership. The amount of this difference is reflected in the last column titled "Difference". Staff's proposal is to create a defined contribution plan that will provide a retirement benefit for ineligible employees equal to the "Difference". Providing this retirement plan benefit does not exceed the cost of providing retirement benefits for employees who are eligible for renewed membership.

#### **FUNDING**

The cost to advertise for public hearing is approximately \$150.00 and is available from General Fund/County Attorney/Legal Ads; Account No. 00110214-034910.

#### **RECOMMENDATION:**

Staff respectfully requests that the Board of County Commissioners authorize staff to advertise for a public hearing to be held on June 6, 2023 to consider an ordinance amending the Indian River County Code of Ordinances to provide for a defined contribution plan.

#### **ATTACHMENTS:**

- Section 104.03 of the Indian River County Code of Ordinances Draft Ordinance Language